

**REPORT OF THE AUDIT OF THE  
GRAVES COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2014**



**ADAM H. EDELEN  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE GRAVES COUNTY SHERIFF**

**For The Year Ended  
December 31, 2014**

The Auditor of Public Accounts has completed the Graves County Sheriff's audit for the year ended December 31, 2014. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the receipts, disbursements, and excess fees in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

Excess fees increased by \$4,243 from the prior year, resulting in excess fees of \$12,324 as of December 31, 2014. Receipts increased by \$78,355 from the prior year and disbursements increased by \$74,112.

#### **Debt Obligations:**

Total debt principal as of December 31, 2014, was \$71,123. Future collections of \$79,172 are needed over the next four years to pay all debt principal and interest.

#### **Report Comments:**

- 2014-001 The Graves County Sheriff's Office Lacks Adequate Segregation Of Duties
- 2014-002 The Graves County Sheriff's Office Should Strengthen Controls Over Financial Reporting

#### **Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities.



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**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Jesse Perry, Graves County Judge/Executive  
The Honorable DeWayne Redmon, Graves County Sheriff  
Members of the Graves County Fiscal Court

Independent Auditor's Report

**Report on the Financial Statement**

We have audited the accompanying statement of receipts, disbursements, and excess fees - regulatory basis of the County Sheriff of Graves County, Kentucky, for the year ended December 31, 2014, and the related notes to the financial statement.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



The Honorable Jesse Perry, Graves County Judge/Executive  
The Honorable DeWayne Redmon, Graves County Sheriff  
Members of the Graves County Fiscal Court

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statement, the financial statement is prepared by the County Sheriff on the basis of the accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County Sheriff, as of December 31, 2014, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2014, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated August 24, 2015 on our consideration of the Graves County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Graves County Sheriff's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control over financial reporting and compliance.



The Honorable Jesse Perry, Graves County Judge/Executive  
The Honorable DeWayne Redmon, Graves County Sheriff  
Members of the Graves County Fiscal Court

**Other Reporting Required by Government Auditing Standards (Continued)**

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2014-001 The Graves County Sheriff's Office Lacks Adequate Segregation Of Duties
- 2014-002 The Graves County Sheriff's Office Should Strengthen Controls Over Financial Reporting

Respectfully submitted,



Adam H. Edelen  
Auditor of Public Accounts

August 24, 2015

GRAVES COUNTY  
DEWAYNE REDMON, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2014

Receipts

Federal Grants		
Highway Safety Grant	\$	8,168
State Grants		
Law Service Fee Grant		10,322
State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)		38,400
State Fees For Services:		
Finance and Administration Cabinet	\$	97,196
Sheriff Security Service	21,900	119,096
Circuit Court Clerk:		
Fines and Fees Collected	8,220	
Court Ordered Payments	689	8,909
Fiscal Court		141,225
County Clerk - Delinquent Taxes		18,738
Commission On Taxes Collected		490,011
Fees Collected For Services:		
Auto Inspections	18,038	
Accident and Police Reports	4,276	
Serving Papers	44,110	
Add-On Fees	34,345	
Transports to Western State	36,547	
Carrying Concealed Deadly Weapon Permits	10,800	148,116
Other:		
Insurance Payment for Vehicle	54,591	
Jury Meals	140	
Miscellaneous	6,633	61,364
Interest Earned		3
Borrowed Money:		
State Advancement	180,000	
Bank Note	71,123	251,123
Total Receipts		1,295,475

The accompanying notes are an integral part of this financial statement.

GRAVES COUNTY  
DEWAYNE REDMON, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
For The Year Ended December 31, 2014  
(Continued)

Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-		
Deputies' Salaries	\$ 676,096	
Employee Benefits-		
Employer's Share Social Security	54,979	
Contracted Services-		
Legal Fees	263	
Materials and Supplies-		
Office Materials and Supplies	10,104	
Uniforms	82	
Auto Expense-		
Gasoline	87,707	
Maintenance and Repairs	79,682	
Other Charges-		
Conventions and Travel	4,890	
Dues	2,181	
Postage	1,679	
Transports	15,110	
Jury Meals	125	
Miscellaneous	1,249	
Reimbursement	684	
Capital Outlay-		
Vehicles	70,546	\$ 1,005,377

Debt Service:

State Advancement	180,000
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Total Disbursements	\$ 1,185,377
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Net Receipts	110,098
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Less: Statutory Maximum	93,864
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Excess Fees	16,234
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Less: Training Incentive Benefit	3,910
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Excess Fees Due County for 2014	12,324
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Payment to Fiscal Court - February 20, 2015	12,324
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Balance Due Fiscal Court at Completion of Audit	\$ 0
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The accompanying notes are an integral part of this financial statement.

GRAVES COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2014

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the Sheriff as determined by the audit. KRS 134.192 requires the Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework. Under this regulatory basis of accounting receipts and disbursements are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2014 services
- Reimbursements for 2014 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2014

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

GRAVES COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2014  
(Continued)

Note 2. Employee Retirement System

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 18.89 percent for the first six months and 17.67 percent for the last six months.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

CERS also provides post retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<b>Years of Service</b>	<b>% paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

GRAVES COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2014  
(Continued)

Note 3. Deposits

The Graves County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Graves County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2014, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Promissory Notes – Sheriff Vehicles

- a) The Office of the Sheriff was liable for a secured promissory note to First Kentucky Bank in the amount of \$17,074. The purpose of the note was to purchase two vehicles for the Sheriff's Office. The note matured in December 2014 and the interest rate was 4.75 percent. This note has been paid in full as of December 31, 2014. The Sheriff's Office was in compliance with the terms of the agreement as of December 31, 2014.
- b) The Office of the Sheriff is liable for a secured promissory note to First Kentucky Bank in the amount of \$17,816. The purpose of the note was to purchase a vehicle for the Sheriff's Office. The note requires one payment due in January 2015 at an interest rate of 4.99 percent. As of December 31, 2014, the principal balance of the note was \$17,816. The Sheriff's Office was in compliance with the terms of the agreement as of December 31, 2014.
- c) The Office of the Sheriff is liable for a secured promissory note to First Kentucky Bank in the amount of \$28,717. The purpose of the note was to purchase a vehicle for the Sheriff's Office. The note requires four annual payments due in December at an interest rate of 4.75 percent. As of December 31, 2014, the principal balance of the note was \$28,717. The Sheriff's Office was in compliance with the terms of the agreement as of December 31, 2014.
- d) The Office of the Sheriff is liable for a secured promissory note to First Kentucky Bank in the amount of \$24,590. The purpose of the note was to purchase a vehicle for the Sheriff's Office. The note requires four annual payments due in December at an interest rate of 4.75 percent. As of December 31, 2014, the principal balance of the note was \$24,590. The Sheriff's Office was in compliance with the terms of the agreement as of December 31, 2014.

GRAVES COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2014  
(Continued)

Note 4. Promissory Notes – Sheriff Vehicles (Continued)

e) Changes In Long-term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Financing Obligations	\$ 12,417	\$ 71,123	\$ 12,417	\$ 71,123	\$ 31,143
Long- term Liabilities	<u>\$ 12,417</u>	<u>\$ 71,123</u>	<u>\$ 12,417</u>	<u>\$ 71,123</u>	<u>\$ 31,143</u>

Note 5. Drug Forfeiture Account

The Graves County Sheriff maintains a Drug Forfeiture account established by order of the Circuit Court in 2006. This account is funded by receipts from court-ordered forfeitures of money and property as well as interest earned on these funds. The funds are to be used for supplies, equipment, vehicles and drug awareness programs. The beginning balance of the account was \$57,035. During the year, \$194,004 was received and \$171,084 was expended, leaving a balance of \$79,995 as of December 31, 2014.

Note 6. Special Account

The Graves County Sheriff maintains an account for donations as authorized by KRS 61.310(8)(a). This account is used to account for donations from the public or other organizations as well as interest earned on the deposit of these funds. The funds are to be used for the strict purposes expressed by the donor or just general law enforcement activities. The beginning balance of the account was \$163. During the year, \$2,400 was received and \$1,815 was expended, leaving a balance of \$748 as of December 31, 2014.

Note 7. Evidence Account

The Graves County Sheriff's Office established an evidence account in October of 2013. This account is used to safeguard cash evidence while waiting on court decisions. As of December 31, 2014 this account had a balance of \$26,505.

Note 8. Kentucky Law Enforcement Foundation Program Fund

The Graves County Sheriff's Office participated in the Kentucky Law Enforcement Foundation Program (KLEFPF). This program administrated by the Kentucky Justice Cabinet, is designed to provide adequate training to the Sheriff's deputies. During the year, the Graves County Sheriff's Office received \$38,400 for this program.

Note 9. Highway Safety Grant

The Graves County Sheriff's Office received federal grant funds passed through the Kentucky Transportation Cabinet, Office of Highway Safety in the amount of \$8,168. The grant funds were reimbursements for expenses relating to highway safety issues, more specifically, alcohol countermeasures. As of December 31, 2014, the Graves County Sheriff's Office was in compliance with the terms of the grant program.

GRAVES COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2014  
(Continued)

Note 10. Law Enforcement Service Fee Grant

The Graves County Sheriff's Office received a grant from the Kentucky Justice & Public Safety Cabinet to improve the enforcement, investigation, and prosecution of violations of driving under the influence (DUI) and as a result, reduce the number of alcohol and drug-related traffic accidents. Funds are typically used for overtime and equipment. During the current year, the Graves County Sheriff's Office received \$10,322 from this grant program. As of December 31, 2014, the Graves County Sheriff's Office was in compliance with the terms of the grant program.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Jesse Perry, Graves County Judge/Executive  
The Honorable DeWayne Redmon, Graves County Sheriff  
Members of the Graves County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards**

**Independent Auditor's Report**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the statement of receipts, disbursements, and excess fees - regulatory basis of the Graves County Sheriff for the year ended December 31, 2014, and the related notes to the financial statement and have issued our report thereon dated August 24, 2015. The County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Graves County Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Graves County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Graves County Sheriff's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying comments and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying comments and recommendations as items 2014-001 and 2014-002 to be material weaknesses.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

### **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Graves County Sheriff's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.


### **County Sheriff's Responses to Findings**

The Graves County Sheriff's responses to the findings identified in our audit are described in the accompanying comments and recommendations. The County Sheriff's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Adam H. Edelen  
Auditor of Public Accounts

August 24, 2015

## COMMENTS AND RECOMMENDATIONS



GRAVES COUNTY  
DEWAYNE REDMON, SHERIFF  
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2014

INTERNAL CONTROL - MATERIAL WEAKNESSES:

2014-001    The Graves County Sheriff's Office Lacks Adequate Segregation Of Duties

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The Graves County Sheriff's Office has a lack of segregation of duties. The Sheriff's bookkeeper is required to perform multiple tasks such as the collection of cash from customers, daily checkout procedures, deposit preparation, record keeping, and bank reconciliations.

Segregation of duties over these tasks or the implementation of compensating controls, when limited by the number of staff, is essential for providing protection against a possible misappropriation of assets and ensuring accuracy of financial reporting. Additionally, a proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

To ensure accurate financial reporting and adequately protect against the possibility of misappropriation of assets, we recommend the Sheriff segregate the following duties:

- Daily check out procedures should be completed by someone who does not have access to accounting records or makes deposits.
- Daily deposits should be prepared by someone who does not keep the records, receive any money, or reconcile the bank account.
- Recording of receipts/disbursements ledgers by an individual who does not make deposits or sign checks.
- Authorized signatures on checks should be limited to employees having no access to accounting records.
- Purchasing/receiving should be assigned to someone that does not maintain accounting records.
- Bank reconciliations should be prepared monthly and agree to the ledgers by an individual who has no access to accounting records, makes deposits or signs checks.

For those duties that cannot be segregated due to a limited number of staff, strong oversight should be provided to the employee or employees responsible for these duties.

*Sheriff Dewayne Redmon's Response: "Hard to do with limited staff."*

GRAVES COUNTY  
DEWAYNE REDMON, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
For The Year Ended December 31, 2014  
(Continued)

INTERNAL CONTROL - MATERIAL WEAKNESSES: (Continued)

2014-002 The Graves County Sheriff's Office Should Strengthen Controls Over Financial Reporting

Results of auditing procedures revealed the following deficiencies in the financial reporting at the Graves County Sheriff's Office:

- A complete and accurate Quarterly Financial Report should be submitted timely. The Department for Local Government (DLG) requires the quarterly financial report to disclose the status of all funds maintained by the Sheriff's Office and is required to be submitted within 30 days after the end of each quarter. The Sheriff did not file a 4<sup>th</sup> Quarter Financial Report with DLG and is not disclosing the status of all funds on front page of the quarterly report.
- The lease/liability section of the Quarterly Financial Report should report all outstanding debt obligations of the Sheriff's Office at the end of the quarter (DLG guidelines). The Sheriff's Office did not report outstanding debt of \$79,172 as of December 31, 2014.
- Fees received on account should be recorded on the sheriff's ledgers. The Sheriff allows customers to charge for auto inspections but the fees are not properly recorded on the Sheriff's books. These funds are added to the quarterly financial report directly from the paid charged slips.
- The Sheriff's Office should not report funds that are not made payable to the Sheriff's Office. The Graves County Fiscal Court received \$54,591 in insurance reimbursement claims on the Sheriff's vehicles that were 'signed over' to the Sheriff's Office directly.
- The approved budget, including any amendments, should be in balance. The Sheriff requested a budget amendment to increase disbursements by \$108,548 but did not request an increase of any receipts. This caused the budget to being out of balance.
- All transactions should be recorded on the Sheriff's books including the receipt of borrowed funds and expense of purchasing vehicles. During the calendar year, the Sheriff borrowed \$71,172 to finance the purchase of three Sheriff's vehicles. These transactions were not recorded on the Sheriff's books.

We recommend that the Graves County Sheriff develop internal control procedures to ensure complete and accurate reporting of financial information to the Department for Local Government.

*Sheriff Dewayne Redmon's Response: "Will try to improve."*



